GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:2978
ANSWERED ON:02.12.2016
Foreign Borrowings through Rupee Denominated Bonds
Khadse Smt. Raksha Nikhil

Will the Minister of FINANCE be pleased to state:

2978: SHRIMATI RAKSHATAI KHADSE
Will the Minister of FINANCE be pleased to state:
(a) whether the Government for the first time allowed foreign borrowings through Rupee Denominated Bonds (RDB);
(b) if so, the details thereof along with the borrowings planned for the current year;
(c) the details of funds raised by Indian companies through External Commercial Borrowings (ECB) during the last three years and the current year; and
(d) the other steps taken by the Government to raise foreign borrowings?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE
(SHRI ARJUN RAM MEGHWAL)
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(a) Reserve bank, in consultation with the Government, issued the framework for issuance of Rupee denominated bonds overseas on September 29, 2015, permitting Indian corporates to raise Rupee denominated borrowings from overseas.
(b) Borrowing under the framework would be within the aggregate limit of foreign investment in corporate debt (Rs. 2443.23 billion at present).The maximum amount which can be borrowed by an entity in a financial year under the automatic route by issuance of these bonds will be Rs. 50 billion. Proposals to borrow beyond Rs. 50 billion in a financial year will require prior approval of the Reserve Bank.The Rupee denominated bonds can only be issued in a country and can only be subscribed by a resident of a country that is a member of Financial Action Task Force (FATF) or a member of a FATF- Style Regional Body; and whose securities market regulator is a signatory to the International Organization of Securities Commission''s (IOSCO's) Multilateral Memorandum of Understanding. The borrowing should be for a minimum maturity period of three years. All in cost should be commensurate with prevailing market conditions.
(c) Agreements value under the External Commercial Borrowings (ECB) guidelines are as under:

Period Agreement amount (in USD million)
2013-2014 (Apr-Mar) 33,232
2014-15 (Apr-Mar) 28,385
2015-16 (Apr-Mar) 24,373
2016-17 (Apr-Sept) 9,535
(d) Keeping in view the macro-economic developments and the experience gained in administering the External Commercial Borrowing (ECB) regime over the last 10 years, the Reserve Bank of India, in consultation with the Government of India, has revised the extant ECB framework in November 2015. The revised framework provides a more liberal approach, with fewer restrictions on end uses, higher all-in-cost ceiling, etc.
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